

AN ACT relating to net metering.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 278.465 is amended to read as follows:

As used in KRS 278.465 to 278.468:

- (1) "Eligible customer-generator" means a customer of a retail electric supplier who owns, rents, or leases and operates an eligible electric generating facility that is located on the customer's premises, for the primary purpose of supplying all or part of the customer's own electricity requirements.
- (2) "Eligible electric generating facility" means an electric generating facility that:
 - (a) Is connected in parallel with the electric distribution system;
 - (b) Generates electricity using:
 1. Solar energy;
 2. Wind energy;
 3. Biomass or biogas energy; or
 4. Hydro energy; and
 - (c) Has a rated capacity of not greater than one thousand (1000)~~[thirty (30)]~~ kilowatts.
- (3) "Kilowatt hour" means a measure of electricity defined as a unit of work of energy, measured as one (1) kilowatt of power expended for one (1) hour.
- (4) "Net metering" means measuring the difference between the electricity supplied by the electric grid and the electricity generated by an eligible customer-generator that is fed back to the electric grid over a billing period.

➔Section 2. KRS 278.466 is amended to read as follows:

- (1) Each retail electric supplier shall make net metering available to any eligible customer-generator that the supplier currently serves or solicits for service. If the cumulative generating capacity of net metering systems reaches one percent (1%) of a supplier's single hour peak load during the previous year, the obligation of the

supplier to offer net metering to a new customer-generator may be limited by the commission.

- (2) Each retail electric supplier serving a customer with eligible electric generating facilities shall use a standard kilowatt-hour meter capable of registering the flow of electricity in two (2) directions. Any additional meter, meters, or distribution upgrades needed to monitor the flow in each direction shall be installed at the customer-generator's expense. If additional meters are installed, the net metering calculation shall yield the same result as when a single meter is used.
- (3) The amount of electricity billed to the eligible customer-generator using net metering shall be calculated by taking the difference between the electricity supplied by the retail electric supplier to the customer and the electricity generated and fed back by the customer. If time-of-day or time-of-use metering is used, the electricity fed back to the electric grid by the eligible customer-generator shall be net-metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-day or time-of-use billing agreement currently in place; *such electricity production may be used only to offset the eligible customer generator's energy consumption in the same time-of-day or time-of-use period in which the electricity was produced, not to offset the eligible customer generator's energy consumption in other time-of-day or time-of-use periods.*
- (4) *Each retail electric supplier may recover from its eligible customer generators who take net metering service or expand existing net metering service after the effective date of this Act any fixed and demand-related costs necessary to serve the customers, regardless of their energy consumption and the cost of all other additions or upgrades to a retail electric supplier's distribution or transmission system required to serve eligible electric generating facilities. Each eligible customer generator who has an established net metering relationship under the provisions of KRS 278.465 to 278.468, as they existed prior to the effective date of*

this Act, may continue that relationship at the same rates and under the same terms until the named rate payer terminates the relationship. ~~[Each net metering contract or tariff shall be identical, with respect to energy rates, rate structure, and monthly charges, to the contract or tariff to which the same customer would be assigned if the customer were not an eligible customer-generator].~~

- (5) The following rules shall apply to the billing of net electricity:
- (a) The net electricity produced or consumed during a billing period shall be read, recorded, and measured in accordance with metering practices prescribed by the commission;
 - (b) If the electricity supplied by the retail electric supplier exceeds the electricity generated and fed back to the supplier during the billing period, the customer-generator shall be billed for the net electricity supplied in accordance with subsections (3) and (4) of this section;
 - (c) If the electricity fed back to the retail electric supplier by the customer-generator exceeds the electricity supplied by the supplier during a billing period, the customer-generator shall be credited for the excess kilowatt hours in accordance with subsections (3) and (4) of this section. This electricity credit shall appear on the customer-generator's next bill. Credits shall carry forward for the life of the customer-generator's account;
 - (d) If a customer-generator closes his account, no cash refund for residual generation-related credits shall be paid; and
 - (e) Excess electricity credits are not transferable between customers or locations.
- (6) Electric generating systems and interconnecting equipment used by eligible customer-generators shall meet all applicable safety and power quality standards established by the National Electrical Code (NEC), Institute of Electrical and Electronics Engineers (IEEE), and accredited testing laboratories such as Underwriters Laboratories.

- (7) An eligible customer-generator installation is transferable to other persons or service locations upon notification to the retail electric supplier and verification that the installation is in compliance with the applicable safety and power quality standards in KRS 278.467 and in subsection (6) of this section.
- (8) Any upgrade of the interconnection between the retail electric supplier and the customer-generator that is required by commission-approved tariffs for the purpose of allowing net metering shall be made at the expense of the customer-generator.
- (9) Notwithstanding any other provision of this chapter, the renting or leasing of eligible electric generating facilities shall be a nonregulated activity, and the electric service furnished by an eligible electric generating facility shall not be retail electric service.**